

MISSOURI QUALITY JOBS

MISSOURI
DEPARTMENT OF ECONOMIC DEVELOPMENT



2006 Annual Report

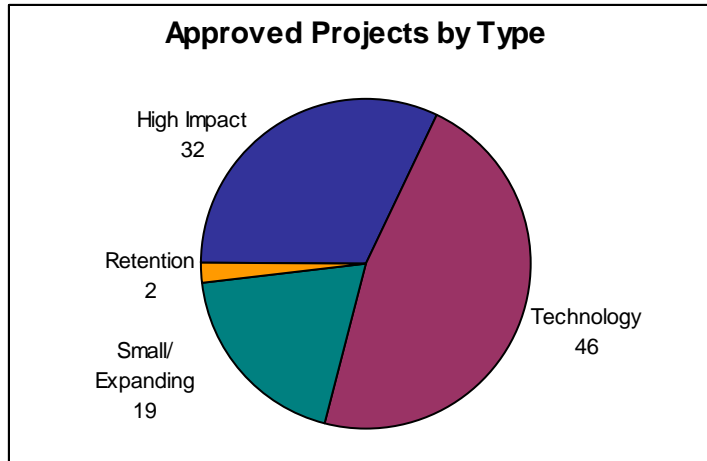
Missouri Quality Jobs Program Annual Report for 2006

The Missouri Quality Jobs Program was introduced and passed during the 2005 Legislative Session, and became effective on August 28, 2005. Since that time, 97 new jobs projects (representing 86 organizations) and 2 retention projects have received approval to participate in the program.

Program Requirements

The Quality Jobs Program provides benefits for companies creating a minimum number of jobs as required by each of the project types. Small/expanding business projects

must create a minimum of twenty new jobs in rural counties or forty new jobs in non-rural counties within two years. Technology business projects, determined by the NAICS code assigned for the business activity at the facility, must create ten or more new jobs within two years. High impact projects must create at least one hundred new jobs, the first new job within one year of approval and at least ninety-nine more within two years of hiring of the first new job. For program eligibility, the average wage of the new jobs must be at least the county average wage, the employees must work an average of thirty-five hours a week and the employer must offer health insurance to the employee, paying at least fifty percent of the premium.



Retention projects must be approved by the Missouri Quality Jobs Task Force (or by the Department Director until the Task Force members are appointed). Such companies must be considered to have a significant statewide effect on the economy, have been determined to represent a substantial risk of relocation from the state and must have employed a minimum of one thousand full-time employees for the previous two years with the average wage at or exceeding the county average wage. In addition, the company must provide new investment of at least \$70 million within two years or invest at least \$30 million within two years and maintain a payroll of at least \$70 million each year a tax credit is claimed. Local incentives must be at least fifty percent of the new local revenue generated for ten years.

Location

Missouri Quality Jobs projects creating new jobs have been approved statewide during the program's existence, including 66 projects in non-rural areas and 31 projects in rural areas. A "rural area" is defined in Section 620.1878(27) as "a county in Missouri with a population less than seventy-five thousand or that does not contain an individual city with a population greater than fifty thousand according to the most recent federal decennial census."

Annual Benefit Provided

Benefits for the Missouri Quality Jobs Program may be in two forms, retained withholdings and/or tax credits, depending on the project type.

- Small/expanding business projects may retain the withholdings for new jobs for three years if the average wage of the new jobs equals one hundred to one hundred nineteen percent of the county average wage or for five years if the average wage of the new jobs is one hundred twenty percent or more of the county average wage.
- Technology companies receive a base benefit of five percent of the new payroll for five years. An Average Wage Bonus (see below) may be added if requirements are met. If the withholdings are less than the total benefit, the balance is issued to the company in the form of a sellable/refundable tax credit.
- High Impact companies receive a base benefit of three percent of the new payroll for five years. An Average Wage Bonus and Local Incentives Bonus (see below) may be added if requirements are met. If the withholdings are less than the total benefit, the balance is issued to the company in the form of a sellable/refundable tax credit.

Average Wage Bonus – Bonus based on percentage of new job average wage to county average wage.

- Greater than 120% and up to 140% - company receives additional ½ % of the payroll of new jobs
- Greater than 140% – company receives additional 1% of the payroll of new jobs

Local Incentives Bonus – Bonus based on the local incentives provided to the project as a percentage of new local tax revenue generated from the project, over ten years.

- 10-24% - company receives additional 1% of the payroll of new jobs
- 25-49% - company receives additional 2% of the payroll of new jobs
- 50% or more – company receives additional 3% of the payroll of new jobs

Net State Fiscal Impact

The Missouri Economic Research Center has estimated the economic impact of the Missouri Quality Jobs Program using the REMI Missouri Regional Economic Model. Key findings for program impact include:

Over 15 years, every dollar of investment in the Missouri Quality Jobs program returns:

- \$10.49 in new general revenues for the State of Missouri, totaling \$907.55 million over 15 years
- \$183.28 in new personal income for Missourians, totaling \$17.521 billion over 15 years
- \$474.75 in new value added to the state economy, totaling \$45.385 billion over 15 years
- \$774.82 in new economic activity in Missouri, totaling \$74.070 billion over 15 years

The Research Brief for projects approved in 2006 is provided as part of the annual report for this program.

MQJ Approved Job Creation Projects

Company	City	County	Job Creation Projection	Projected Average Starting Wage	Estimated Withholdings	Estimated Tax Credits	Estimated Total Benefits
2005 Approvals							
ABC Labs	Columbia	Boone	250	\$35,000	\$658,125	\$560,625	\$1,218,750
AKA Advertising	Kansas City	Jackson	60	\$41,458	\$298,166	\$0	\$298,166
Cerner Corporation	North KC	Clay	600	\$55,000	\$3,410,000	\$3,322,500	\$6,732,500
Cerner Corporation	Lee's Summit	Jackson	300	\$55,000	\$1,705,000	\$321,000	\$2,026,000
Cerner Corporation	KC	Jackson	300	\$55,000	\$1,705,000	\$106,500	\$1,811,500
CPAC, Inc.	Cape Girardeau	Cape Girardeau	100	\$35,000	\$0	\$728,585	\$728,585
Cpros, Inc.	Blue Springs	Jackson	16	\$70,000	\$167,112	\$136,728	\$303,840
Duck Creek Technologies	Bolivar	Polk	65	\$62,000	\$427,490	\$399,910	\$827,400
EFCO Corporation	Monett	Barry	200	\$25,958	\$567,183	\$172,620	\$739,803
EnerSys Energy Products, Inc.	Warrensburg	Johnson	50	\$26,573	\$82,231	\$0	\$82,231
Express Scripts, Inc.	St. Louis	St. Louis County	480	\$82,400	\$4,354,187	\$3,157,811	\$7,511,998
Kawasaki	Maryville	Nodaway	100	\$25,896	\$316,217	\$96,239	\$412,456
Midwest Data Center	Rock Port	Atchison	22	\$27,040	\$49,753	\$69,222	\$118,975
Mississippi Lime	St. Louis	St. Louis	41	\$88,950	\$658,313	\$0	\$658,313
Nordenia USA, Inc.	Jackson	Cape Girardeau	37	\$29,660	\$78,017	\$0	\$78,017
Saint Luke's East Hospital	Lee's Summit	Jackson	170	\$50,000	\$1,100,500	\$319,500	\$1,420,000
Savvis Communications	Town & Country	St. Louis	290	\$68,400	\$1,761,377	\$1,340,704	\$3,102,081
State Street (NOI #1)	Kansas City	Jackson	143	\$36,209	\$787,269	\$962,216	\$1,749,485
Talisen	St. Louis	St. Louis	131	\$72,100	\$914,841	\$748,507	\$1,663,348
Truesdale Packaging Company, LLC (The Coca-Cola Company)	Warrenton	Warren	60	\$38,500	\$286,334	\$0	\$286,334
Universal Asset Management	Harrisonville	Cass	20	\$40,000	\$117,535	\$0	\$117,535
Westar	St. Charles	St. Charles	188	\$80,000	\$2,323,987	\$1,777,166	\$4,101,153
Total			3,623		\$21,768,637	\$14,219,833	\$35,988,470

2006 Approvals							
Acceleration	Lee's Summit	Jackson	30	\$45,000	\$145,725	\$130,650	\$276,375
AFB International	Weldon Springs	St. Charles	43	\$71,667	\$339,431	\$313,371	\$652,802
Alcoa - SIE Cargo Conversions, LLC (Project Tallgrass)	Kansas City	Platte	30	\$80,000	\$316,800	\$259,200	\$576,000
American Healthways Services, Inc.	St. Louis	St. Louis	61	\$49,067	\$460,832	\$0	\$460,832
Bugeye Technology	Pacific	Franklin	30	\$30,000	\$75,000	\$75,000	\$150,000
Carden Machine Shop, Inc	Sullivan	Franklin	17	\$28,156	\$50,264	\$50,264	\$100,528
Carfax, Inc.	Columbia	Boone	38	\$50,000	\$204,292	\$191,113	\$395,405
Centene Corporation	Clayton	St. Louis	901	\$74,752	\$6,124,284	\$3,201,577	\$9,325,861
Chemir Analytical Services	St. Louis	St. Louis	18	\$65,000	\$141,050	\$131,950	\$273,000
Chemir Synthesis Services	St. Louis	St. Louis	19	\$65,000	\$141,670	\$132,530	\$274,200
Clearent, LLC	Creve Couer	St. Louis	108	\$85,000	\$971,355	\$0	\$971,355

Company	City	County	Job Creation Projection	Projected Average Starting Wage	Estimated Withholdings	Estimated Tax Credits	Estimated Total Benefits
Commercial Envelope	Kirkville	Adair	50	\$24,128	\$59,186	\$0	\$59,186
DAC Inc.	Washington	Franklin	45	\$35,110	\$80,282	\$0	\$80,282
ET Archer	Lee's Summit	Jackson	10	\$50,000	\$77,500	\$72,500	\$150,000
Fireman's Fund Insurance	Earth City	St. Louis	146	\$35,000	\$580,125	\$116,025	\$696,150
GDX Automotive	New Haven	Franklin	127	\$28,600	\$442,006	\$134,523	\$576,529
Harman/Becker Automotive Systems	Washington	Franklin	221	\$32,010	\$0	\$1,510,393	\$1,510,393
HNTB Corporation	Kansas City	Jackson	200	\$56,243	\$1,088,916	\$1,018,664	\$2,107,580
HOK Sport	Kansas City	Jackson	40	\$50,000	\$210,250	\$224,750	\$435,000
Holland USA	Warrenton	Warren	24	\$32,046	\$96,140	\$0	\$96,140
Horner & Shifrin, Inc.	St. Louis	St. Louis	18	\$50,000	\$101,500	\$13,000	\$114,500
Isle of Capri	Creve Couer	St. Louis	150	\$76,000	\$1,997,296	\$2,239,391	\$4,236,687
Jacobs Civil Inc.	St. Louis	St. Louis	25	\$60,000	\$177,894	\$166,417	\$344,311
Jacobs Engineering Group Inc.	St. Louis	St. Louis	25	\$60,000	\$177,894	\$166,417	\$344,311
Jacobs Facilities, Inc.	St. Louis	St. Louis	25	\$60,000	\$177,894	\$166,417	\$344,311
John Knox Village	Lee's Summit	Jackson	300	\$36,179	\$1,458,159	\$58,355	\$1,516,514
Kerry, Inc.	Afton	St. Louis	40	\$36,179	\$0	\$120,772	\$120,772
Kitco, Inc.	Warrensburg	Johnson	21	\$26,624	\$38,358	\$0	\$38,358
KV Pharmaceutical Company - 1 Corporate Woods Drive	Bridgeton	St. Louis	280	\$42,000	\$1,563,680	\$1,239,665	\$2,803,345
KV Pharmaceutical Company - 10850 Metro Court	Maryland Heights	St. Louis	50	\$58,000	\$369,520	\$345,680	\$715,200
KV Pharmaceutical Company - 13622 Lakefront Drive	Earth City	St. Louis	70	\$50,000	\$410,750	\$384,250	\$795,000
KV Pharmaceutical Company - 2303 Schuetz Road	St. Louis	St. Louis	40	\$36,000	\$250,290	\$213,210	\$463,500
Labarge Inc.	Joplin	Jasper	120	\$29,682	\$0	\$901,187	\$901,187
McCormick Scientific, LLC	Maryland Heights	St. Louis	20	\$38,085	\$82,264	\$70,075	\$152,339
Melton Machine & Control Company	Washington	Franklin	28	\$54,442	\$202,524	\$0	\$202,524
Midwest Aviation Center, LLC	Chesterfield	St. Louis	40	\$36,448	\$121,669	\$0	\$121,669
Modine Manufacturing Company	Trenton	Grundy	50	\$31,928	\$157,755	\$0	\$157,755
Old Castle Glass	Wright City	Warren	21	\$27,560	\$41,441	\$0	\$41,441
Polsinelli Shalton Welte Suelthaus	Kansas City	Jackson	80	\$61,194	\$596,216	\$0	\$596,216
Polsinelli Shalton Welte Suelthaus	St. Louis	St. Louis City	68	\$61,194	\$535,815	\$0	\$535,815
Prairie Pride	Nevada	Vernon	40	\$31,096	\$156,725	\$0	\$156,725
Progress West HealthCare Center	O'Fallon	St. Charles	457	\$26,238	\$2,296,515	\$475,141	\$2,771,656
Proteon Therapeutics, Inc.	Kansas City	Jackson	30	\$50,000	\$155,000	\$36,000	\$191,000
Pyramid Construction	St. Louis	St. Louis	80	\$45,000	\$421,950	\$0	\$421,950
Quilogy, Inc.	St. Charles	St. Charles	200	\$55,000	\$1,143,280	\$1,069,520	\$2,212,800
R3, LLC dba CDM Electronics	St. Charles	St. Charles	50	\$34,250	\$151,501	\$151,501	\$303,002
RehabCare Group, Inc.	Clayton	St. Louis	130	\$41,623	\$343,275	\$0	\$343,275
Rubin Brown LLP	St. Louis	St. Louis	80	\$42,000	\$368,975	\$0	\$368,975
Rural Sourcing, Inc.	Rock Port	Atchison	20	\$30,000	\$60,000	\$84,000	\$144,000
Sequoia Sciences Inc.	St. Louis	St. Louis	26	\$60,000	\$171,120	\$160,080	\$331,200

Company	City	County	Job Creation Projection	Projected Average Starting Wage	Estimated Withholdings	Estimated Tax Credits	Estimated Total Benefits
Seventh Wave Laboratories	Chesterfield	St. Louis	30	\$70,000	\$199,950	\$187,050	\$387,000
Signature Packaging and Paper	Jackson	Cape Girardeau	30	\$33,613	\$65,206	\$0	\$65,206
Simclar Interconnect Technologies, Inc.	Ozark	Christian	19	\$40,000	\$75,600	\$67,705	\$143,305
Smurfit-Stone Container Enterprises, Inc.	Creve Couer	St. Louis	283	\$64,514	\$2,945,385	\$3,679,123	\$6,624,508
Soporex Respiratory Inc. dba Independence Home Pharmacy	Kennett	Dunklin	232	\$31,179	\$732,946	\$293,180	\$1,026,126
Southwestern Bell Yellow Pages	St. Louis	St. Louis	100	\$46,000	\$667,000	\$138,000	\$805,000
Sprint United Management Company	Kansas City	Jackson	874	\$41,773	\$5,391,369	\$185,910	\$5,577,279
State Street (NOI #2)	Kansas City	Jackson	844	\$37,316	\$3,528,755	\$2,688,911	\$6,217,666
Synbiotics Corporation	Kansas City	Platte	24	\$76,485	\$321,606	\$263,132	\$584,738
TCI - Columbia	Columbia	Boone	15	\$30,950	\$50,417	\$50,417	\$100,834
TCI - St. Louis	St. Louis	St. Louis	15	\$37,315	\$65,330	\$55,651	\$120,981
Telecommunications Management LLC New Wave Communications	Sikeston	Scott	66	\$45,000	\$404,550	\$0	\$404,550
The Newberry Group, Inc.	St. Charles	St. Charles	50	\$50,000	\$217,500	\$232,500	\$450,000
Trade Harbor	St. Louis	St. Louis	82	\$100,000	\$621,180	\$475,020	\$1,096,200
Truman Medical Center - 2301 Holmes	Kansas City	Jackson	45	\$37,758	\$128,259	\$0	\$128,259
Truman Medical Center - 7900 Lee's Summit Road	Kansas City	Jackson	46	\$34,800	\$124,028	\$0	\$124,028
Tuthill Vacuum and Blowers	Springfield	Greene	43	\$31,450	\$102,460	\$0	\$102,460
Ungerboeck Systems International, Inc.	O'fallon	St. Charles	30	\$60,000	\$204,600	\$191,400	\$396,000
Unified Development, Inc.	Chesterfield	St. Louis	38	\$73,127	\$317,054	\$259,407	\$576,461
Versa-Tech Inc.	Fredericktown	Madison	25	\$20,500	\$19,390	\$0	\$19,390
Washington University - 1 Brookings Drive	St. Louis	St. Louis	80	\$42,000	\$389,760	\$0	\$389,760
Washington University - 660 S Euclid	St. Louis	St. Louis	60	\$36,000	\$150,714	\$0	\$150,714
Wings Enterprises, Inc.	Sullivan	Washington	200	\$60,000	\$1,254,250	\$0	\$1,254,250
World Wide Technology Holding Co, Inc - 2023 Westport Center Drive	St. Louis	St. Louis	28	\$41,500	\$146,098	\$130,985	\$277,083
World Wide Technology Holding Co, Inc - 60 Weldon Pkwy	St. Louis	St. Louis	90	\$41,500	\$456,286	\$330,414	\$786,700
Total			8,091		\$43,914,061	\$24,852,393	\$68,766,454
Total for Job Creation Projects			11,714		\$65,682,698	\$39,072,226	\$104,754,924

MQJ Approved Job Retention Projects							
Company	City	County	Job Retention	Average Wage of Retained Jobs		Estimated Tax Credits	Estimated Total Benefits
2005 Approvals							
Express Scripts, Inc.	St. Louis County	St. Louis County	1,200	\$51,642		\$5,000,000	\$5,000,000
Pfizer	St. Louis	St. Louis County	1,179	\$96,685		\$2,500,000	\$2,500,000
Total			2,379			\$7,500,000	\$7,500,000
Grand Total of Benefits			14,093		\$65,682,698	\$46,572,226	\$112,254,924



RESEARCH BRIEF

ECONOMIC IMPACT OF THE MISSOURI QUALITY JOBS PROGRAM 2006 PROJECTS

The Missouri Quality Jobs Program targets three economic areas that are most important to Missouri's future - small and expanding businesses, advanced technology companies, and high impact projects. The difference between the Quality Jobs Program and other incentives is that the employer must produce jobs to receive state benefits and the more jobs, the greater the benefit.

Qualifying businesses are required to create a minimum number of new jobs at competitive wage levels, offer health insurance to these new employees and pay at least half of the health insurance premiums for these individuals. For example, small and expanding businesses must produce more than 20 new jobs in a rural area and 40 new jobs in a non-rural area, technology businesses must produce 10 or more new jobs, and high impact businesses must produce 100 or more new jobs - all within two years. In return, qualifying employers will keep a percentage of the state withholding taxes normally paid to the state for these new employees for a set number of years. The amount of the benefit is based on the wage paid relative to the county average wage where the employer is located. Also under Quality Jobs, a company that considers leaving Missouri and has employed at least 1,000 full-time, year-round people at competitive wages and provided their health insurance for the past two years can qualify for a tax credit to remain in Missouri. Through this approach, DED ensures that taxpayer dollars only go to businesses that create new jobs in Missouri.

As of December 31, 2006, DED has approved Notices of Intent for 97 Small/Expanding, Technology and High Impact projects and 2 Retention projects from businesses to participate in the Quality Jobs Program. Most of these businesses are engaged in professional, technical, and scientific services, information technology, corporate headquarters, banking, insurance, health care, and advanced manufacturing. The direct impact of these businesses will generate \$989.8 million in new investment, and create 11,714 new jobs with health benefits paying an average wage of \$53,054 per year in Missouri. Incentives for this program will cost the state \$103.7 million in general revenue. Other benefits not included in this analysis are the retention of more than 2,379 jobs with health benefits. The stated impacts are likely higher due to these net new economic benefits, but we are unable to determine the extent of their impact.

MQJP KEY FINDINGS

With proposals submitted to DED to date, the MQJP will directly generate \$989.8 million in new investment and create 11,714 new jobs with health benefits paying an average wage of \$53,054 per year.

At full operation in 2020, the MQJP will create roughly 24,630 direct and spin-off jobs in Missouri. This translates into 238 new jobs per \$1 million dollars of MQJP investment.

Over 15 years, every dollar investment in MQJP returns:

- \$10.49 in new general revenues for the State of Missouri, totaling \$907.55 million over 15 years.
- \$183.28 in new personal income for Missourians, totaling \$17.521 billion over 15 years.
- \$474.75 in new value-added to the state economy, totaling \$45.385 billion over 15 years.
- \$774.82 in new economic activity in Missouri, totaling \$74.070 billion over 15 years.

Missouri Quality Jobs Program Activity for 2006 Calendar Year

As of December 31, 2006, DED has approved Notices of Intent for 97 Small/Expanding, Technology and High Impact projects and 2 Retention projects from businesses to participate in the Quality Jobs Program. Most of these businesses are engaged in professional, technical, and scientific services, information technology, corporate headquarters, banking, insurance, health care, and advanced manufacturing. The direct impact of these businesses will generate \$989.8 million in new investment, and create 11,714 new jobs with health benefits paying an average wage of \$53,054 per year in Missouri. Incentives for this program will cost the state \$103.7 million in general revenue. Other benefits not included in this analysis are the retention of more than 2,379 jobs with health benefits. The stated impacts are likely higher due to these net new economic benefits, but we are unable to determine the extent of their impact.

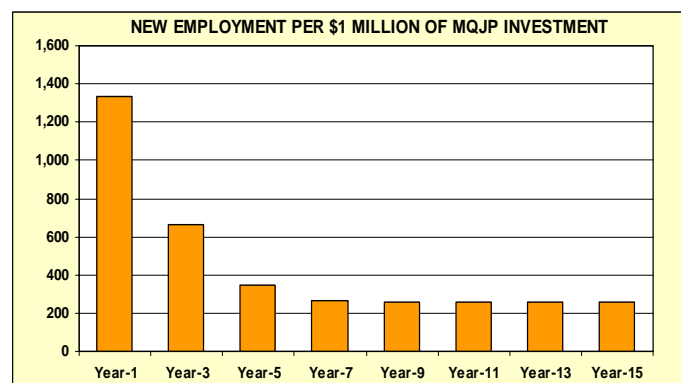
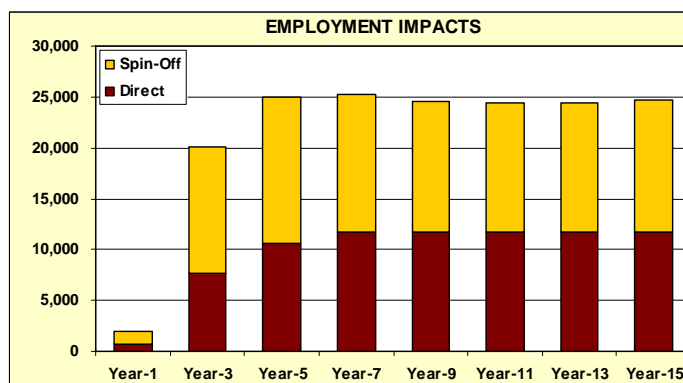
ESTIMATED ECONOMIC IMPACT

The economic impact of the Missouri Quality Jobs Program is estimated using the REMI Missouri Regional Economic Model, which has been customized for the state's 17 economic regions. The forecasting and policy analysis system includes key econometric estimates and integrates inter-industry transactions, long run equilibrium features, and the new economic geography. It includes: substitution among factors of production in response to changes in relative factor costs; migration responses to changes in expected income; labor participation rate responses to changes in real wage and employment conditions; wage rate responses to labor market changes; consumer consumption responses to changes in real disposable income and commodity prices; and local, regional, and market shares responses to changes in regional production costs and agglomeration economics.



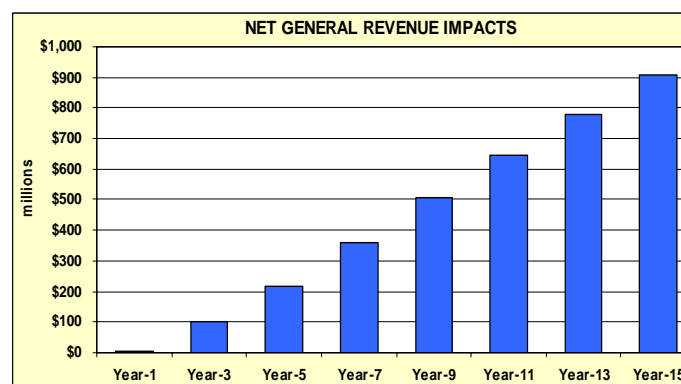
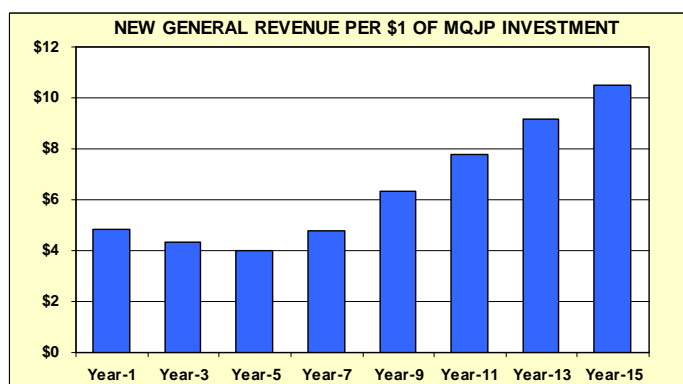
Employment

At full operation in 2020, every one million dollars of state money invested in the Quality Jobs Program creates nearly 238 direct and indirect jobs in Missouri. Given current projects to date, by 2020 the program will create roughly 24,630 direct and indirect jobs in Missouri paying an average wage of \$50,017 per job.



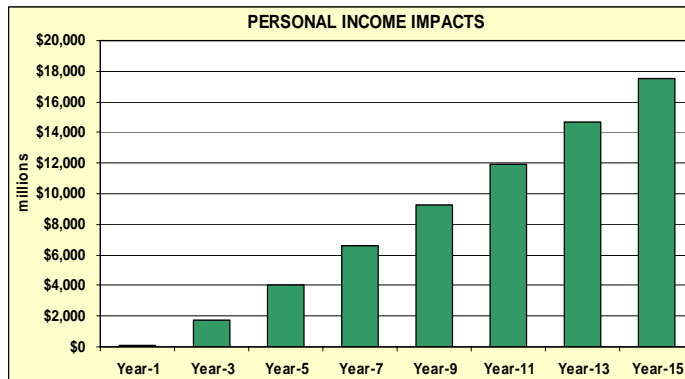
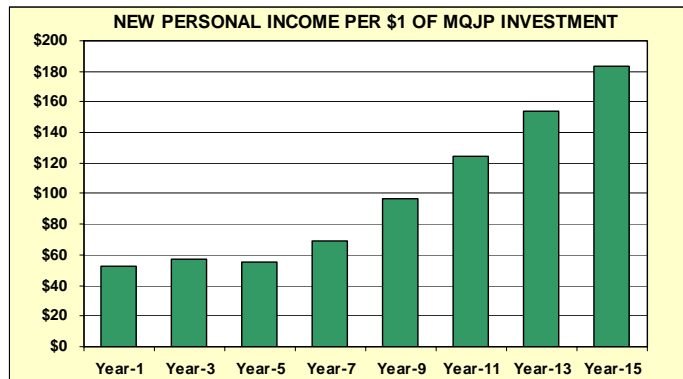
General Revenues

Over 15 years, every dollar of state money invested in the Quality Jobs Program returns \$10.49 in general revenue taxes to the State of Missouri. Given current projects to date, this will generate \$907.55 million in new cumulative net state general revenues over 15 years, which averages to \$60.503 million in new general revenues annually.



Personal Income

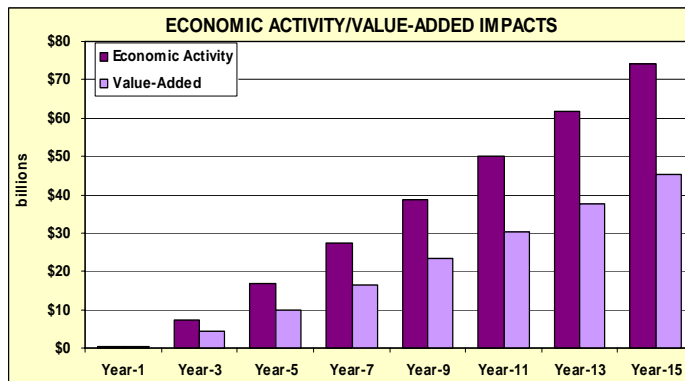
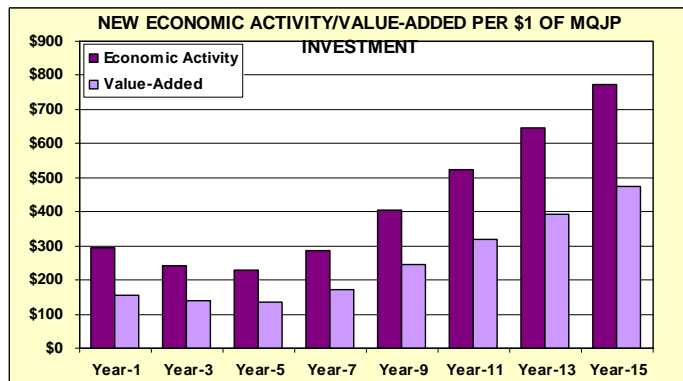
Over 15 years, every dollar of state money invested in the Quality Jobs Program returns \$183.28 in personal income to Missourians. Given current projects to date, this will generate \$17.521 billion in new cumulative personal income over 15 years, which averages to \$1.168 billion in new personal income annually.



Economic Activity and Value-Added

Over 15 years, every dollar of state money invested in the Quality Jobs Program returns \$774.82 in new economic activity to the state's economy. Given current projects to date, this will generate \$74.07 billion in new economic activity over 15 years, which averages to \$4.938 billion in new economic activity annually.

Another measure of economic activity is the value-added to intermediate goods and services. Value-added is equal to total economic activity excluding goods and services used as inputs in the production process. Value-added is used to pay compensation, taxes, capital, and profits. Using this measure, every dollar of state money invested in the Quality Jobs Program returns \$474.75 in new value-added to the state's economy. Given current projects to date, this will generate \$45.385 billion in new value-added over 15 years, which averages to \$3.026 billion in value-added annually.



MISSOURI ECONOMIC RESEARCH AND INFORMATION CENTER
MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT
Providing value-added research with a customer focus.
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For more information
www.MissouriEconomy.org

580 Harry S Truman Building
PO Box 3150
Jefferson City, MO 65102-3150
PHONE 573-751-3595 • FAX 573-751-8385